

# THE SCHOOL ADMINISTRATOR

and Uniform Compliance Guidelines  
ISSUED BY STATE BOARD OF ACCOUNTS

Volume 169

March 2005

## ITEMS TO REMEMBER

### MARCH

- March 1: Prove the Fund Ledger and Ledger of Receipts for the month of February to the control of all funds and reconcile with the depository statements. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- March 20: Last day to report and make payment of state and county income tax withheld during February to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997 "The School Administrator and Uniform Compliance Guidelines".)
- March 25: Good Friday - Legal Holiday (IC 1-1-9-1)

### APRIL

- April 1: Prove all ledgers for the month ending March 31 as outlined for the month of February.
- April 15: Last day for the board of school trustees of the school corporation located wholly or partially within the county, which has the greatest taxable valuation of any school corporation in the county to appoint a member of the governing body to serve as a member of the county board of tax adjustment (IC 6-1.1-29-1). IC 6-1.1-29-9 provides that the county council may adopt an ordinance to abolish the county board of tax adjustment. The ordinance must be adopted by July 1 and may not be rescinded in the year it is adopted.
- April 20: Last day to report and make payment of state and county income tax withheld during March to Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, "The School Administrator and Uniform Compliance Guidelines".)
- April 30: Last day to file federal quarterly report, Form 941, to the Internal Revenue Service for federal and social security taxes for the first quarter.

### MAY

- May 1: Prove all ledgers for the month ending April 30 as outlined for the month of February.
- May 1: School corporations not wishing to renew teachers' contracts (non-permanent teachers) for the 2005-2006 school year on or before May 1, shall notify the teacher that the governing body will consider nonrenewal of the contract for the next school term. This notification must be: (A) written; and (B) delivered in person or mailed by registered or certified mail to the teacher at the teacher's last known address. IC 20-6.1-4-14 also provides possible additional procedures.

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ITEMS TO REMEMBER

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- May 20: Last day to report and make payment of state and county income tax withheld during April to Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, "The School Administrator and Uniform Compliance Guidelines Manual.")
- May 30: Memorial Day - Legal Holiday (IC 1-1-9-1)
- May 31: On or before June 1 and December 1 of each year (or more frequently if the county legislative body adopts an ordinance requiring additional certifications) the school corporation shall certify to the county treasurer a list of the names and addresses of each person who has money due the person from the school corporation. (IC 6-1.1-22-14).

MONTHLY BANK STATEMENTS AND CANCELED CHECKS

The treasurer of the school corporation should receive a monthly statement at the close of each month from each designated depository which should include all checks paid through the bank and canceled during the period covered by the statement. IC 5-13-6-1 provides in part, "(e) All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

The State Board of Accounts' audit position is that all canceled checks should be retained in the file with the bank statement with which they were returned which will facilitate any future reference of one to the other that may be necessary for either accounting or audit purposes.

IC 5-15-6-3(a) concerning optical imaging of checks states, in part:

"... 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Furthermore, IC 26-2-8-111 states, in part:

(a) "If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

(e) "If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

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PROMOTION EXPENSE OF SCHOOL CORPORATION

Account 23160, Promotion Expense has been established for expenditures authorized by IC 20-5-2-2(2.5) "To appropriate from the general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based upon the school corporation's previous year's average daily membership (as defined in IC 21-3-1.6-1.1) for the purpose of promoting the best interests of the school corporation by: (A) the purchase of meals, decorations, memorabilia, or awards; (B) provision for expenses incurred in interviewing job applicants; or (C) developing relations with other governmental units."

PAYMENT OF TUITION FEES FOR TEACHERS

Our attention is directed upon occasion to an isolated provision adopted by boards of school trustees or other governing bodies for reimbursing teachers for tuition fees and the cost of books for college and university courses. These courses are attended to meet requirements for professional improvement. The cost of any college course taken by teachers, whether during summer vacation or by evening extension classes during the period schools are in session, is the financial obligation of the teacher. The same applies to other employees of the school corporation. However, a school corporation could consider the provisions of IC 20-5-1.5-1 et seq., home rule, and we could so note accordingly in an audit report.

The governing body may include in the salary schedule certain interim steps between college degree levels by providing salary adjustments for the completion of a specific number of college credits beyond a bachelor's or master's degree. IC 20-6.1-5-1 states in part: "Computation of minimum salary shall be made each school year on the basis of the teacher's training, experience, and degree, completed as of the first day of service." Attorney General Official Opinion Number 14, dated August 22, 1975, states in part the following conclusion:

"It is, therefore, my Official Opinion that (1) a school corporation which has agreed to a salary schedule which bases teachers' pay on training and experience completed as of the first day of service in the current school year, may, as part of that agreement, authorize an adjustment in teachers' pay during the school year by considering training and experience completed as of another date later in the school year . . ."

A school corporation which utilizes these provisions must consider carefully the fiscal impact, since IC 20-7.5-1-3 Collective Bargaining Law expressly states that: "... any contract which provides for deficit financing shall be void to that extent . . ."

BUS DRIVERS - METHODS OF PAYMENT

Employment Contracts

If a school corporation owns in its entirety the school bus equipment, the school corporation may employ school bus drivers in the same manner as other non-instructional employees are employed, on a school year basis; however, each employment contract shall be in writing. School corporations hiring employees under this section shall purchase and carry public liability and property damage insurance covering the operation of school bus equipment in compliance with IC 9-25. The provisions of sections 4 through 28 of this chapter shall not apply to the employment of school bus drivers who are hired under this section. IC 20-9.1-2-3

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**BUS DRIVERS - METHODS OF PAYMENT**  
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**Driver Furnishing Body Or Chassis Of School Bus**

(a) When any school bus driver is required to furnish either the school bus body or the school bus chassis or both the body and the chassis, the governing body of the school corporation shall enter into a written transportation contract with the school bus driver. (b) The transportation contract may include a provision enabling the school bus driver to be eligible for the life and health insurance benefits (and other fringe benefits) afforded to other school personnel. IC 20-9.1-2-4

**Fleet Contracts; Benefits Package**

(a) When a fleet contractor is required to provide two (2) or more school buses and school bus drivers, the governing body of the school corporation shall enter into a written fleet contract with the fleet contractor. (b) The fleet contract may include a provision enabling the school bus drivers to be eligible for the life and health insurance benefits (and other fringe benefits) afforded to other school personnel. IC 20-9.1-2-4.1

**Transportation Or Fleet Contracts; Negotiations**

Transportation or fleet contracts may either be negotiated and let after receiving bids on the basis of specifications, as provided for in section 7 of this chapter, or may be negotiated on the basis of proposals by any bidder in which the bidder suggests additional or altered specifications. All school corporations negotiating and executing transportation contracts shall comply with the provisions of section 4 and sections 6 through 13 of this chapter. All school corporations negotiating and executing fleet contracts shall comply with sections 5 through 13 of this chapter. IC 20-9.1-2-4.2

Payments should be in accordance with applicable Internal Revenue and State Department of Revenue reporting requirements.

**ADMINISTRATIVE EXPENSES TITLES I AND II**

Allowable maximums for administrative expenses under Titles I and II are 5% and 10% respectively. Administrative salary expense is governed by federal and state regulations. Salaries of Superintendents of School Districts, Assistant Superintendents, Treasurers of School Districts, Principals of Schools and their Assistants are regularly paid from the General Fund of the School Corporation as necessary operating expenses. Normally the positions are covered by full-time contracts and cannot be reimbursed with Title I and II funds. Payments of salaries from Title I and II funds to these individuals could be considered as supplanting of expenses regularly paid from other school funds. Reimbursement for services provided by these staff positions for these federal funds may be recouped by claiming an Indirect Cost Expense based on the approved school corporation rate. Payments of salaries to a less than full-time treasurer, bookkeeper, teacher or aide whose time can be documented as to which Title served, should be included as a direct expense on the budget. A time log must be maintained to substantiate the charges to each of the applicable funds for person's salary is paid from more than one fund source.

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A.D.A. FLAT GRANT

Uses of the Average Daily Attendance Flat Grant distribution are described in IC 21-3-4.5-2, which currently provides in part: "(b) Each school corporation shall use the distribution in the following manner: (1) The school corporation may use for its current operating expenses no more than the greatest total dollars it used for operating expenses from the ADA flat grant distribution account in any of the following calendar years: 1973 through 1993. (2) The school corporation, if it has debt service, shall use for debt service any remaining amount in the distribution after subtracting any amount used under subdivision (1). (3) The school corporation may use for the capital projects fund or current operating expense any remaining amount in the distribution after subtracting the amount used under subdivision (2)."

INTEREST INCOME

Interest Investment Deposit; Receipt; Reinvestment; Disposition

IC 5-13-9-6 provides in part: "(a) All interest derived from an investment by a political subdivision or by any other local public officer under the authority granted by section 3 of this chapter shall be deposited, except as otherwise provided by law, in the general fund of the investment authority or in any other fund its governing body designates specifically or by rule, subject to the modifications and limitations in this section."

"(b) Interest from the following investments shall be receipted as follows: (1) Interest from investments of funds of a political subdivision that are traceable to United States government funds must be receipted to the fund of which they are a part, if required by federal law or regulation. (2) Interest from investments of funds controlled by court orders must be receipted to that fund unless otherwise designated by the court orders."

The following additional specific restrictions apply to school corporation investments. Any interest income derived from an investment, which includes money from the proceeds of a bond sale or Veterans' Memorial Fund Loan in a Construction Fund, or money from a Levy Excess Fund, Repair and Replacement Fund or any special funds which include federal monies, shall be deposited to that specific fund. We do not take audit exception to the receipt of interest from investing the proceeds of a bond sale to a Construction Fund. Interest on such an investment will be receipted to the Construction Fund unless the treasurer is directed to place the interest in the Debt Service Fund to be applied toward the redemption of the bonds and coupons.

Capital Projects Earned Interest

IC 21-2-15-12 states: "(a) Interest on the capital projects fund, including the fund's pro rata share of interest earned on the investment of total money on deposit, shall be deposited in the fund. However, the governing body may adopt a resolution to transfer any interest earned on money on deposit in the capital projects fund to the school corporation's general fund. (b) A school corporation may transfer money to or from the capital projects fund under IC 21-2-11-4(c)."

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INTEREST INCOME  
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Bonded Indebtedness

IC 5-13-9-6 states in part: (e) "Any political subdivision may apply the interest derived from the investment of the proceeds from bonded indebtedness or local tax levies to the appropriate redemption bond interest or sinking fund for the bonded indebtedness."

IC 5-13-9-6 also states in part: (g) "Interest from the investment of the public funds of a political subdivision may not be paid personally or for the benefit of any public officer."

Public Deposits Insurance

IC 5-13-9-8.5 states: "Funds deposited in deposit accounts in accordance with this chapter and interest earned or accrued on the funds are public funds and are covered by the insurance fund."